

REAL ESTATE APPRAISAL
of
Vacant Land
Map 43 36-17A 1XX Chauncey Road
Middletown, Connecticut

Prepared
for
City of Middletown

As Of
May 18, 2005

Prepared
by
Rachel Gioia Associates
2389 Main Street
Glastonbury, Connecticut 06033

SUBJECT PHOTOGRAPHS

Index #

702



photo 1: Southernly View of Subject From Paddock Road.



photo 2: View of Tree and Subject Property Along Paddock Road.

SUBJECT PHOTOGRAPHS

index#

702



photo 3: Southerly View of Subject from Paddock Road.



Photo 4: Southeasterly View of Subject.



photo 5: Northeasterly View of Subject Along Chauncey Road (barn on subject).



photo 6: Easterly View of Frontage Along Chuancey Road.



photo 7: Street Scene; Chauncey Road. Southerly View



photo 8: Street Scene; Paddock Road.



May 18, 2005

Mr. Bill Warner
Office of Planning and Zoning
City of Middletown
245 Dekoven Drive
Middletown, CT 06457

Re: Vacant Land
Map 43 36-17A 1XX Chauncey Road
Middletown, Connecticut

Dear Mr. Warner:

At your request, the above-referenced property was inspected May 18, 2005 to estimate the market value of the fee simple estate.

This appraisal is prepared to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and generally accepted appraisal practice. In addition, it is prepared in full compliance with the Financial Institutions Reform and Recovery Act of 1989 (FIRREA). It is also prepared to comply with client documentary requirements.

The subject property consists of 23.57 acres of vacant land located in the residential (R-30) zone. A survey map was not provided nor of record. The land area is based on the assessor's map.

No evidence of potentially hazardous wastes or ground contamination was observed, however, the appraiser is not qualified to identify these conditions and urges the client to retain an expert if desired. No certification as to the presence or absence of hazardous wastes or ground contamination of the subject site is made.

Page Two
May 18, 2005
Mr. Bill Warner

This appraisal report is prepared for the sole and exclusive use of City of Middletown to assist with acquisition purposes. No third parties are authorized to use or rely upon this report without the express written consent of the appraiser.

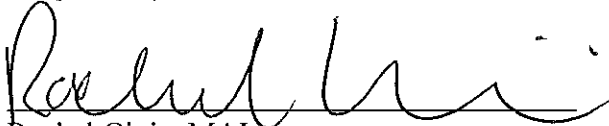
The accompanying report describes the three approaches to value and the conclusions by application of these approaches. Please note the Assumptions and Limiting Conditions on pages 5-6.

Based on a thorough analysis of the subject property and the relevant market area, it is my opinion that, as of May 18, 2005, the market value of the fee simple estate, is:

FIVE HUNDRED NINETY THOUSAND DOLLARS
(\$590,000)

A reasonable marketing period for the subject property is within one year.

Respectfully submitted,


Rachel Gioia, MAI

file: 702

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APPRAISAL ASSIGNMENT

Purpose of Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple estate to the subject property.

Function of Report

The function of this report is to assist in asset evaluation for acquisition purposes.

Competency Provision

The appraiser has adequate experience with the valuation of vacant land in the subject market area and has the knowledge and experience to complete this appraisal assignment competently.

Property Rights Appraised

All rights inherent in the fee, including 23.57 acres of land are appraised. Real estate only is appraised; personal property is not included in the value estimate.

Effective Date and Date of the Appraisal

The effective date of the appraisal is May 18, 2005. The date of the report is May 18, 2005.

APPRAISAL ASSIGNMENT (continued)

Extent of Data Collection Process and Assignment

The Appraisal Standards Board categorizes appraisals as complete or limited. A complete report is defined as the act or process of estimating value or an estimate of value performed without invoking the Departure Provision. A Limited Appraisal is defined as the act or process of estimating the value or an estimate of value performed under and resulting from invoking the Departure Provision. This appraisal is prepared as a complete report.

Three formats of communicating the appraisal are established by the Appraisal Standards Board. They are Self Contained, Summary and Restricted. This appraisal is communicated as a self contained report.

The following was done during the course of this assignment:

- The property was inspected on May 18, 2005. Subject photographs included in this report were taken on that date. The land area is based on assessor records.
- Noone accompanied the appraiser on the inspection. Land only is appraised.
- Regional, town and neighborhood data was researched by the appraiser and includes data from the Department of Labor, Department of Economic and Community Development and the Office of Policy and Management.
- Land records pertaining to the subject and comparable sales were examined. Attempts were made to verify all sales with parties involved with the transaction.
- The comparable sales and rentals were visually inspected and principals to the transactions were interviewed where indicated.
- Local Real Estate Brokers were interviewed regarding absorption levels and other market data.

The following was not done during the course of this assignment:

- Report was not limited in any way.

APPRAISAL ASSIGNMENT (continued)

Definitions

Market Value

As used in this report, market value is "the most probable price a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not influenced by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Buyer and seller are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*

*Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

Fee Simple Estate

The Dictionary of Real Estate - Third Edition defines the fee simple estate as ". . . absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for matters legal in nature.
2. The property has been appraised as though fully marketable without regard to encumbrances such as tax liens, mechanics' liens, mortgages, etc., except as specifically detailed in this report.
3. Ownership and management are assumed to be in competent and responsible hands.
4. All data presented in this report are true and accurate to the best of our knowledge. Information furnished by others is believed to be reliable but is not guaranteed.
5. Unless specifically identified, no survey has been made of the subject property or the comparable sales. It is assumed that boundary descriptions and measurements provided by public records or surveys are substantially correct. The maps, plot and exhibits included in the report are illustrative only; they should not be considered as surveys or relied upon for any reason other than to help visualize the property.
6. The appraisers are not qualified to detect the presence of hazardous material, including, but not limited to, urea-formaldehyde foam insulation, asbestos or radioactive gas (radon), or infestation, on or near the property. Unless hazardous materials are specifically identified in this report, the appraisers are unaware of such materials or conditions and assume that they do not exist. We assume no responsibility for identifying the presence of hazardous materials or conditions or the cost to remedy such conditions. If any of these hazards are in fact present to the subject, the value of the subject would be reduced. We reserve the right to amend our value estimate if any clean-up is necessary.
7. This report does not convey the right of publication nor may it be used by anyone other than the client without the previous written consent of the client and the appraisers. If consent is given, the report must be presented in its entirety.
8. No part of this report (particularly the value conclusions, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be distributed to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written approval of the client and the appraisers.

ASSUMPTIONS AND LIMITING CONDITIONS (continued)

9. Rachel Gioia Associates assumes no responsibility for any third-party use of this appraisal. If this appraisal is used by anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions contained in this appraisal. The appraisers are not responsible for any costs incurred to discover or correct any deficiencies present in the property.
10. The individual data and conclusions contained in this appraisal report are an integral part of the final value conclusion. No portion of this appraisal is to be used separately without reference to the complete appraisal report. This appraisal is not based on a requested minimum valuation, a specific valuation or an approval of a loan.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to learn whether it is in conformity with the requirements of this act. It is possible that a compliance survey of the property with a detailed analysis of the requirements of the Americans with Disabilities Act could reveal that the property does not comply with one or more of its requirements. Any violation of the ADA could negatively influence the market value of the property.
12. The appraisal is based on conditions known as of the date of assignment. No responsibility is made for unknown factors, physical or economic, occurring at a later date that could affect the opinions stated.
13. The signatories shall not be required to give testimony or attend court or be at any governmental hearing with reference to said property unless prior arrangements have been made. If required, such arrangements will be made under separate cover.
14. The appraisal assumes that all necessary governmental permits and approvals have been or will be obtained. Full compliance with all applicable federal, state and local laws is assumed.

IDENTIFICATION OF THE PROPERTY

Deed Reference and Owner of Record

The property deed is filed in volume 1180, page 481, dated October 13, 1998 of the Middletown land records. The property is further identified as Map 43 36-17A 1XX Chauncey Road, Middletown, Connecticut. A legal description and warranty deed are in the addenda.

The owner of record is Harold E. Graves, Jr. and Marsha Graves.

Easements

After careful analysis of the subject property and examination of the deed, the appraisers are unaware of any easements or encroachments that measurably affect the property.

Property History

The property is vacant.

Sales History

There have been no arms length sales of the property within the past five years.

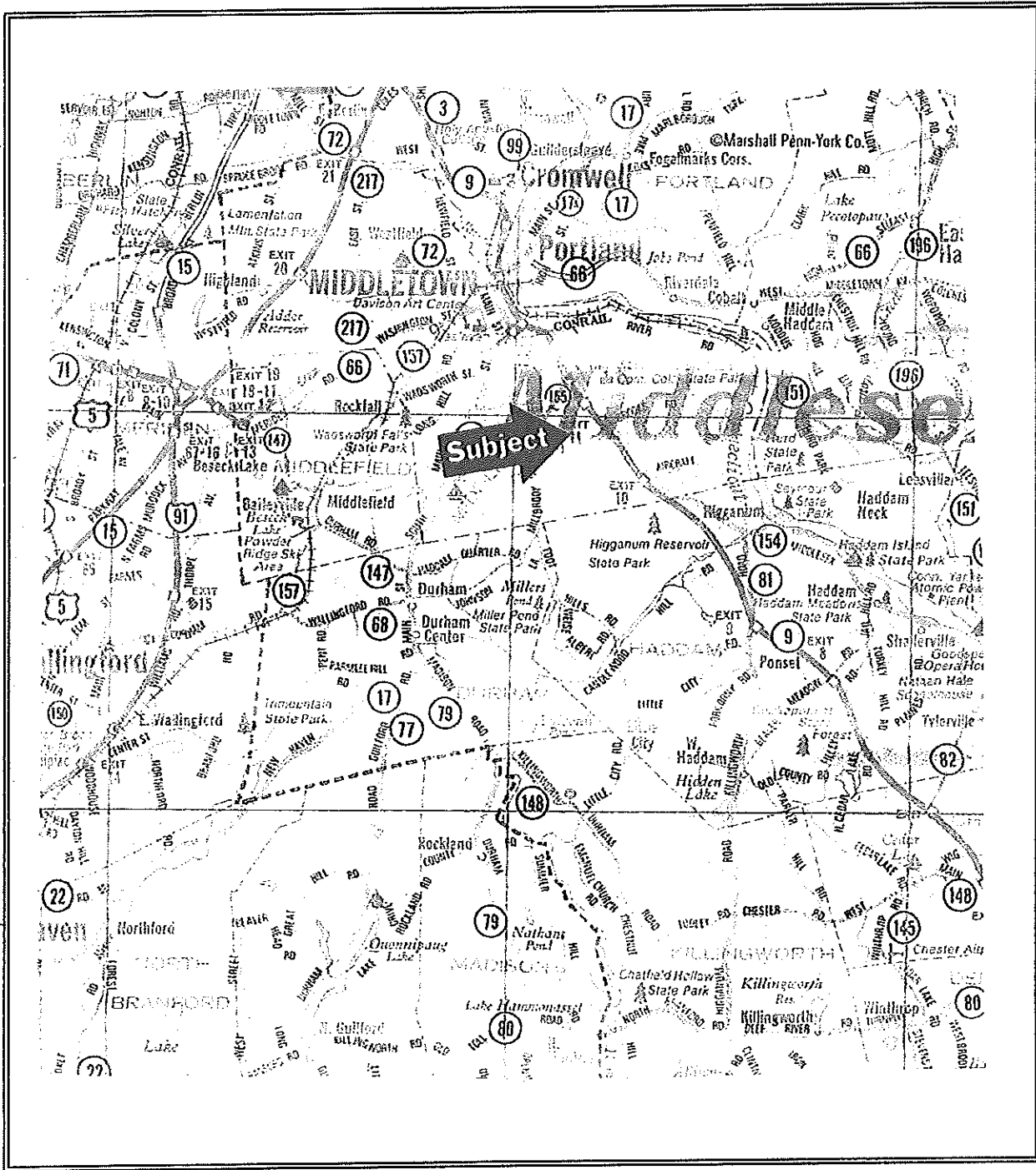
Leasing Status

Not applicable.

Current Listings or Sales Contracts

There are no listings or sales contracts on the subject known to the appraiser.

REGIONAL LOCATION MAP



State/County Overview

State	County	Date of Last Update
Connecticut	Middlesex	5/19/2005

State overview

Connecticut is a small, densely populated state well known for its Yankee ingenuity and its strong home rule. Located between the major business hubs of Boston and New York City, Connecticut provides a good geographic location for business. The state has eight counties, 169 municipalities and 3.5 million inhabitants. Connecticut is home to a wide range of market segments from the cosmopolitan city of Stamford to the small rural town of Scotland. In 2005, economic, confidence and demographic data show that Connecticut's economy is recovering moderately from a recession that impacted its manufacturing, insurance and technology base considerably since late 2000. Planned and actual new real estate development is likely to continue at a moderate pace across the state. Connecticut is a wealthy state. Connecticut perennially ranks number one nationally in personal income. It retains this distinction at \$43,173 per capita, its highest ranking ever, according to data by the U.S. Bureau of Economic Analysis. Consumer prices are moderate at 2.5% , but are at risk due to high health care, terrorism risk and fuel costs. The labor force growth is weak at 0.0% with an unemployment rate of 4.3% which is much lower than in the US overall. Housing permits, are up significantly with a banner year in 2004 at 11,958 units to December, 2004, an increase of 19.8% increase compared to 2003. New auto registrations are down 7.5% compared to the same period a year ago. The loss of Connecticut defense contracts over the earlier part of the decade has been more than offset by increases in exporting and in the post 9-11 environment is seeing new contracts for defense and security. The state remains a highly preferred state in which to reside and is seeing improved business confidence over the recession period.

County Overview

Middlesex County encompasses fifteen towns in the south central Connecticut river valley. It is known for its rural and marine character, natural beauty, and interesting small towns with local character. For example, Essex is known for marine activities and East Haddam for recreation and the arts. The county is dominated by the City of Middletown which includes Wesleyan University, state hospitals and the Pratt & Whitney/IAE jet aircraft engine manufacturing facility. The Connecticut River is a focal point for the county.

Ranking

Middlesex County is home to 156,071 residents. The county's per capita income is \$26,261 and median family income is \$71,319 according to the 2000 census. The county is lightly populated with its 369.3 square miles averaging 423 persons per square mile. Another 19.5 square miles of inland water are present in the county. The county is home to 1 general hospital and 4 colleges and universities. The county has 67,285 housing units of which 73 percent are single family, detached. The county has 7,929 business establishments. The more rural style of life is reflected in the very low crime rate of 28 crimes per 1,000 people vs. the state's already low rate of 40 per 1,000 people.

Economic

The county's economic base is mixed and focused upon small businesses. The giant Pratt & Whitney/IAE facility in Middletown is an exception to this as well as the large Aetna insurance facility in the city. The county has 490 manufacturing facilities, 2,987 service businesses, 1,984 trade businesses, and 471 finance, insurance and real estate firms. These businesses and government together provide opportunity for a labor force of 81,578 people. The most recent unemployment rate is 3.1% compared to the state average of 4.5% as of the end of May 2004. The County is convenient to several metropolitan cities including Hartford, New Haven, Providence, Rhode Island, Springfield and Boston, Massachusetts and New York City. Highways within the county include Interstate 91 and Interstate 95 along the shore. The dominant roadway is Connecticut Route 9 that traverses the entire county northwest to southeast paralleling the Connecticut River. The river and an adjacent railway also provide alternative commercial transportation. Bradley International Airport in Windsor Locks is the major airport for the region with other airports including T.F. Green in Rhode Island, Goodspeed Airport in East Haddam and other local and regional airports outside the county.

Trends

The county continues to remain strong and has a growing employment base. Aerospace continues to be a positive force in the local economy. The City of Middletown lags other areas regarding per capita income and other demographic trends but its overall perception is improving. This is especially being noticed in increased retail and entertainment activity in downtown Middletown. Middletown, with downtown revitalization including a new hotel. Continued strong per capita income in the state will benefit marine related, seasonal and recreational activities in the county.

Conclusion

The county has a high quality of life and a diverse economic makeup. It has good transportation infrastructure relative to population. The county has opportunity for growth due to its access to Hartford, New Haven and New London-Groton-Ledyard. Trends are positive into the foreseeable future.

STATE/COUNTY/TOWN DATA (continued)

Town

The City of Middletown is located on the west banks of Connecticut River in the central section of the State of Connecticut. It is bordered by the north by the towns of Cromwell and Berlin, to the west by the municipalities of Meriden and Middlefield, to the south by the towns of Durham and Haddam, and to the east by the Connecticut River. Across the Connecticut River from Middletown are the towns of Portland and East Hampton. With a land area of 42.9 square miles, Middletown is one of the larger municipalities in Connecticut. The downtown area contains mostly older, small office and retail buildings along with some scattered newer developments. Wesleyan University is located just west of the Central Business District (CBD); Middlesex Hospital is located south of the CBD. Both contribute to the economic base of the city and region.

Transportation

Roads: The community is serviced by an adequate road network with Routes 9, 66, and 17 being the primary routes in town. The town is accessed by Route 9, which is a limited access four-lane highway which connects Hartford County to lower Middlesex County, the shoreline and Interstate 95. Route 9 passes through the east and south central portions of town and serves the town with seven exits. Other major local routes are Route 66 which connects Route 9 to Interstate 91 in the abutting town of Meriden, Route 72 which accesses the north portion of town and Route 17 which provides access from the center to the southwest portion of town. Travel time to the City of Hartford via Route 9 and I-91 is approximately 20 minutes. Interstate 91 also crosses the northwest corner of the town and provides one exit in that area.

Railways: Passenger rail service is available at Union Station, in Hartford. Metro North Commuter Railroad Company operates commuter lines between New Haven and Grand Central Station, New York. Spurs to Danbury, New Canaan and Waterbury connect those areas to this route. Amtrak's Shore Line service runs from Boston to New York and serves the Connecticut coastal communities of Stamford, Bridgeport, New Haven, Old Saybrook, New London and Mystic. Inland, the Springfield line provides service between New Haven and Springfield, Massachusetts, with stops at North Haven, Wallingford, Meriden, Berlin, Windsor, Windsor Locks and Enfield. Freight service is provided by Conrail and numerous motor common carriers.

Airports: Bradley International Airport, located approximately 30 miles north in Windsor Locks, provides air cargo and passenger services. It is the second busiest airport in New England and is growing strongly. Currently, nineteen passenger and eleven freight airlines, including express carriers, serve the airport. Other nearby public airports handling private and small aircraft include Brainard, located approximately 15 miles north in Hartford, Meriden Markhams Airport, located seven miles west in Meriden, and Goodspeed Airport, located approximately seven miles southeast in East Haddam.

Bus: Middletown is served by buses of Connecticut Transit to Hartford and the Middletown transit (local); Greyhound from East Hampton, New Haven and Willimantic, and by Trailways.

STATE/COUNTY/TOWN DATA (continued)

Population

According to data compiled by the State Department of "OPM" (office of Policy and Management). Middletown had a 2000 population of 43,460 individuals.

Population-1990-2000-2008 for Middletown and market area

	1990 (census)	2000 (census)	2008 (projection)
Berlin	16,787	18,215	19,140
Cromwell	12,286	12,871	14,148
Durham	5,732	6,627	6,960
East Hampton	10,428	13,352	14,879
Haddam	6,769	7,157	7,545
Meriden	59,479	58,244	61,235
Middlefield	3,925	4,203	4,391
Middletown	42,762	43,167	47,840
Portland	8,418	8,732	9,353
County	143,196	155,071	171,966
State	3,287,116	3,405,565	3,606,998

Middletown's population increased 0.95% between 1990 to 2000 and is expected to increase 10.83% from 2000 to 2008. The population for the county is expected to increase at 10.90% and the population for the state is expected to increase 5.91%. Middletown is expected to grow at a similar pace at the county it is in.

STATE/COUNTY/TOWN DATA (continued)

Income

According to data compiled by the State Department of Economic Development *Connecticut Town Profiles*, Middletown's 2003 median household income was \$51,703.

Town	2003
Berlin	\$72,736
Cromwell	\$64,772
Durham	\$84,070
East Hampton	\$71,651
Haddam	\$81,709
Meriden	\$46,873
Middlefield	\$62,967
Middletown	\$51,703
Portland	\$67,281
County	\$63,374
State	\$57,850

Middletown's median household is below the county and state average and lower than all surrounding towns except Meriden (nearby similar sized city). Household earnings are lower due to lower earnings as well as smaller household size.

STATE/COUNTY/TOWN DATA (continued)

Economy

Economic Base

According to the 2003 *State Register and Manual*, Middletown's principal industries include bricks, switches, paper boxes, marine hardware, auto accessories, tools and dies, metal and wire goods, brass hardware, heat elements, training devices, mica mining, sheet metal, chemicals, jet engines and insurance. Middletown continues to change from an industrial/manufacturing community to an office community with a growing base of apartments. The following shows the top ten tax payers as of the October 1, 2001 Grand List.

1	Aetna Life	Office Building (Insurance)
2	United Technologies	Manufacturing (Aircraft Engines)
3	Middletown Power LLC	Utility
4	Connecticut Light & Power	Utility
5	Carabetta	Apartments

Unemployment

Middletown is located in the Hartford Labor Market Area, which includes the city of Hartford. According data compiled by the State Labor Department Employment Security Division, Middletown's April 2004 unemployment rate was 4.8%. The rates for the labor market area was 5.00%.

Development Patterns

Residential: According to data compiled by the State Department of Economic Development *Connecticut Town Profiles* (printed 2004), Middletown's 2002 housing stock includes 20,044 units. Of the total units, 49.3% are single family detached compared to 74.1% for the county and 64.4% for the state.

In 2001, 165 new residential building permits were issued. The median house price in 2003 was \$150,000 compared to \$189,000 for the county and \$189,900 for the state. Total housing units sold in 2003 were 1,064.

STATE/COUNTY/TOWN DATA (continued)

Commercial/Industrial/Retail: Retail developments include older developments along Main Street, with some upgrades. Metro Square, located in downtown Middletown is a single story, courtyard style shopping center which contains national retailers and restaurants. A Super Stop & Shop with Bradlees is located southeast of the downtown area just off Saybrook Road. In the western portion of town along Washington Street are two larger retail shopping plazas. Scattered retail developments are throughout town along Route 17, Route 66 and other main thoroughfares. Other major retailers are situated just north of the Middletown line along Route 72 including The Crossroads at Cromwell. Also in this area is a Super Stop & Shop and Cromwell Commons.

The larger, better quality office buildings are located in the northwestern portion of town in the area of exit 20 of I-91 as well as Saybrook Road, South Main Street (a.k.a. Route 17), and Washington Street (a.k.a. Route 66.) Retail development is located primarily along Main Street, Washington Street, South Main Street, and Saybrook Road. The newer office complexes are reporting good occupancy levels, while the older office space concentrated in the downtown portion of Middletown are experiencing higher vacancy rates.

Industrial uses are scattered throughout the town. The heaviest concentration of industrial space is in the northern and northwestern portion of town. This includes developments along Country Club Road, Bradley Street and Middle Street and other roads in the immediate area. These developments are flex oriented and represents the more desirable industrial location in Middletown. Tuttle Road, situated at the northern end of Newfield Street is improved with older and newer industrial buildings ranging between 10,000 and 30,000. Also in the northwestern portion of town along Industrial Park Road are concentrated larger predominately owner-occupied industrial buildings and flex space that ranges in age between 1 and 30 years. In the southeast corner of the city is the Pratt & Whitney facility. Other Industrial development is quite limited in this section, but likely to change if sanitary sewer is installed as expected. Closer to downtown Middletown and in proximity to the Connecticut River are located older mill style buildings, many exhibiting deferred maintenance.

STATE/COUNTY/TOWN DATA (continued)

Conclusion

Middletown contains a mix of old and new developments. Office space in the downtown portion of Middletown is situated on the upper floors of two to three story brick buildings constructed around the turn of the century. Many of the upper scale tenants that once called Main Street their address have move to the newer office complexes outside the downtown area. The more desirable retail locations have shifted away from the downtown area to newer developed retail areas along Washington Street and Route 72 in Cromwell. However, a recent revitalization has occurred to some extent as evidenced by trendy restaurants complimenting the theater as well as the hotel long Main Street. Industrial/warehouse development has occured in the northwest corner of town and more developments are likely. Major new development is not likely unless a reconfiguration of Route 9 occurs to reduce congestion along Route 9 and Washington Street. Stability is likely into the foreseeable future.

Neighborhood Description

Date

5/19/2005

County
Middlesex

Municipality
Middletown

Location ID
Southeast

Address
Chauncey

Boundaries

The subject neighborhood is bounded to the northeast by Route 9; northwest by Route 17 and south by the Town of Durham. The area includes a large triangular section of town rooted in residential development and supported by neighborhood retail and scattered industry.

Access

Access to the neighborhood is via Interstate Route 9. Route 9 extends generally north/south through the city and provides access to Hartford to the north and Old Saybrook to the south as well connection to Interstate 91.

Uses/Development

Route 17 is a commercial artery improved with older residences, automotive uses, retail and scattered offices. Route 17 is primarily local neighborhood type uses with few uses that draw regionally. Route 154 (Saybrook route) extends somewhat parallel to Route 9 and includes commercial and scattered industrial uses. The remaining section of the triangular is essentially residential and agricultural.

Vacancy/Demand

Demand for housing remains strong.

Life Cycle

The life cycle remains in a period of slow growth.

Other/Comparisons/Subject Compatibility

Compared to other sections of Middletown, the area is one of the last remaining rural areas, and quickly looking more suburban than rural.

Conclusion

The subject is located within the triangle of Route 9 and Route 17. The neighborhood is in a period of slow growth, a trend expected to continue into the foreseeable future.

This is a detailed street map of a residential area in the Westchester County, New York. The map shows a network of streets including Main St, Silver St, West St, and many others. Key landmarks include Crystal Lake and Ron McCutcheon Park. A specific location is marked with a black arrow and the word "Subject" near Raddock Rd and Highway 155. The map also shows various other roads like Raddock Rd, Chamberlain Rd, and Mount Rd. A north arrow is present in the upper right corner.

Land Overview

State	Use	Updated by
Connecticut	Residential	Rachel Gioia, MAI
County	Use (current, intended)	Date of Last Update
Middlesex	Subdivision	5/19/2005
Municipality		
Middletown		
Address / ID:		
Chauncey Road		

Market ID

The subject is residentially zoned land located in the southcentral section of Middletown, just south of Randolph Road. Highest and best use is for residential subdivision.

General Trends

Land is purchased for two primary reasons. Either it has immediate utility for a specific use for a designated party or it has anticipated (speculative) value. In the first case, the land is purchased with a specific use and often after approvals are secured. In the second scenario, the future value or future use of the land is considered to be favorably enough to offset risk of acquisition and holding costs. Speculative land banking has declined in recent years as banks are reluctant to secure financing on speculative projects. Recent land transactions fall into both categories. Either they are being purchased for a specific use or in the case of speculation, the value is often low enough to justify land banking until development is feasible. The subject has immediate feasible use for subdivision. Land also has "use" in the form of green space for the public good. Often, municipalities, land trusts or environmentally minded individuals obtain and retain land just to prevent development.

Supply and Demand

There is an active market for residential land. Demand for new housing should continue since population increases are expected into the year 2008. Supply is generally in balance at this time in the market. For comparison purposes, a survey of land sales under 1 acre (primary house lot survey) shows in 2003, there were 20 land sales. These sales ranged from \$32,500 to \$129,000. Excluding the high and the low, the range was \$40,000 to \$109,000 with a median of \$63,000. In 2004, there were 21 land sales. These sales ranged from \$50,000 to \$133,000. Excluding the high and the low, the range was \$55,000 to \$125,000 with a median of \$70,500. Year to date 2005, there have been 8 sales which range from \$36,875 to \$140,000. Excluding the high and the low, the range was \$45,000 to \$130,000 with a median of \$120,000.

Subject Competes:

The subject is considered prime development land. It is located in a transition area from rural to suburban.

Most Likely Purchaser

The subject parcel is a likely development parcel for subdivision.

ASSESSMENT DATA AND TAX BURDEN

Current assessments in the town of Middletown are based on the 2000 revaluation. Tax burdens are for the July 1, 2005 to June 30, 2006 fiscal year and are from the October 1, 2004 Grand List.

Listed below is historical information regarding tax trends in town.

Grand List	Assessment Ratio	Mill Rate
2004	70%	29.80

Middletown's tax burdens are expected to increase between 3% and 4% annually into the foreseeable future.

In addition, Middletown has three fire districts. As of the 2003 Grand List, the rates for District 1 (city) is 5.6 mills. The rate for District 2 (south district) is 3.621 mill and the current rate for District 3 (west district) is 0.99 mills. The subject is located in district 2.

The following table relates specifically to the subject property.

Assessment Data and Tax Burden	
Map/Block/Lot	3/9-1/25B
Total assessment	\$33,250
Mill Rate	29.80
Total tax burden	\$990.85

ZONING AND LAND USE RESTRICTIONS

According to the Middletown Zoning Map effective on the date of appraisal, the subject is located in the residential R30 zone.

Permitted Uses:

	Permitted Uses
	Single family dwelling
	Residential unit business pursuit.

The following table shows required bulk yards.

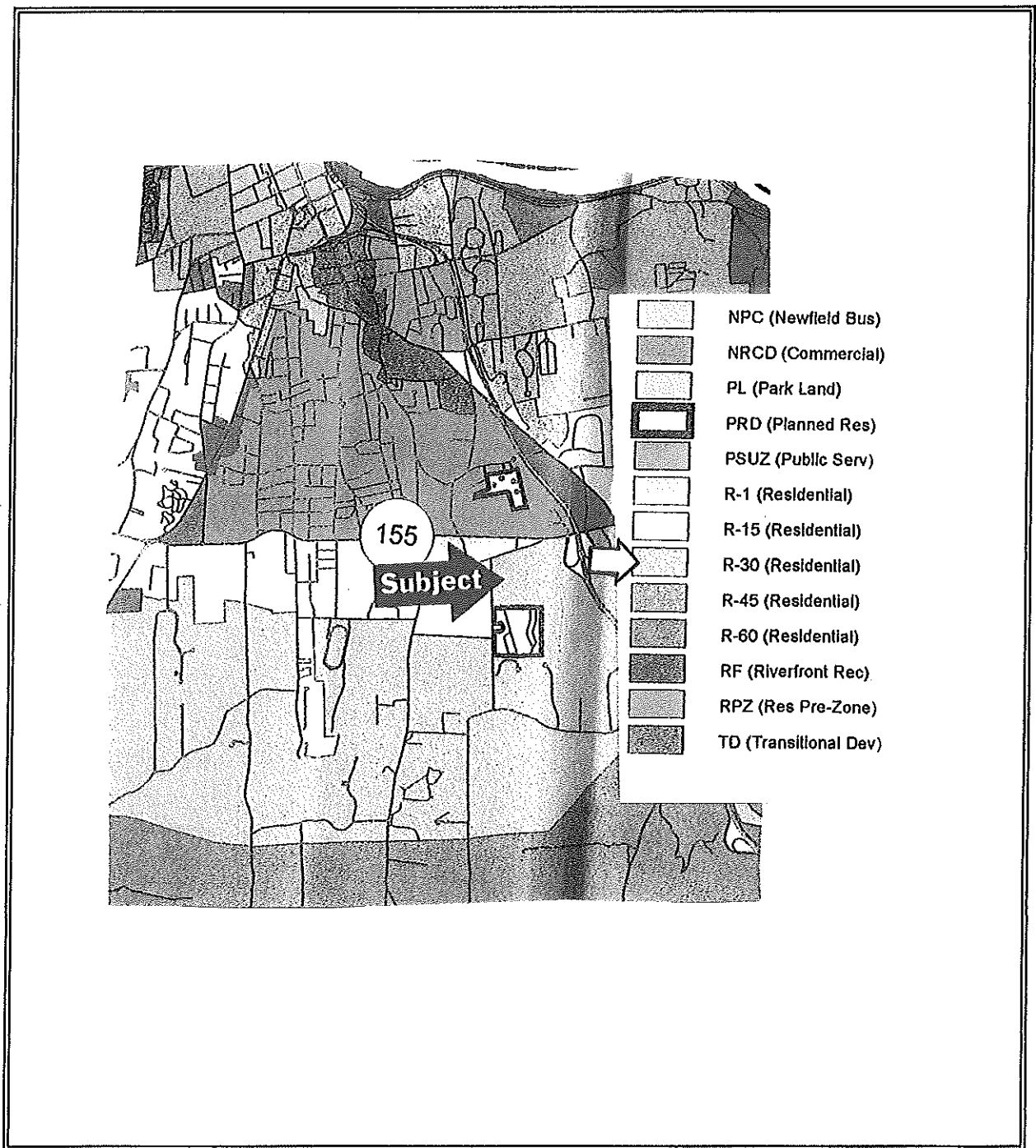
R30 District Bulk & Yard Regulations	Requirements
Minimum lot area	30,000 SF
Minimum lot frontage	200'
Minimum front yard	50'
Minimum side yard	20'
Minimum rear yard	20'
Maximum coverage	25%
Maximum building height	36'

Conclusion subject property

Use: The subject property's use as a vacant land is conforming. The subject's legal development use is residential.

Bulk/Yard: Minimum lot size is 30,000 square feet.

ZONING AND LAND USE RESTRICTIONS (continued)



Zoning Location Map

DESCRIPTION OF LAND

The following is a detailed description of the subject site based on information obtained from a visual inspection of the site, the property field card and the property deed.

Lot Configuration

Shape:	Irregular in shape.
Land area:	23.57 acres.
Frontage:	The site has approximately 253 feet of frontage on the south side of Paddock Road and 107' and 167' on the east side Chauncey Road.
Topography:	Level. Cleared.
Soil conditions:	Good for urban development. Nominal wetlands.

Utilities

Sewage Disposal:	Sanitary Sewer available nearby.
Water:	Piped public water not readily available.
Electricity:	Available.
Telephone:	Available.
Cable/broadband:	Available.

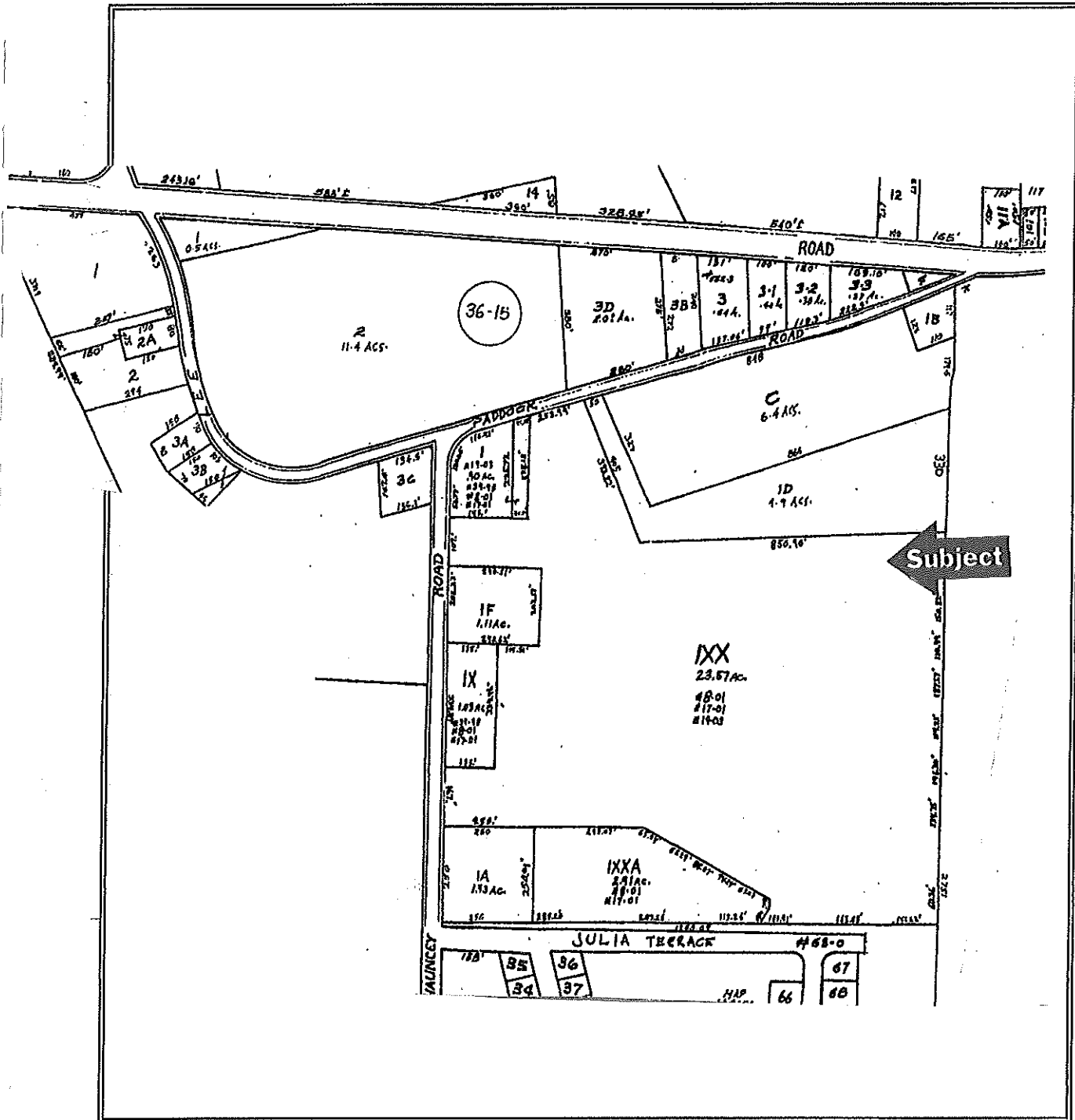
Off-site Improvements

Streets:	Chauncey Road is a paved roadway with curbs and maintained by the municipality.
Street lights:	Nominal.
Sidewalks:	No.
Curbs:	No.
Storm sewers:	No.
Fire hydrants:	None.

Flood Status According to the *Federal Emergency Management Agency* Flood Insurance Rate Map No. 090068 0001-4 (panel not printed), the subject site is located in an area of minimal flooding classified as Flood Zone X.

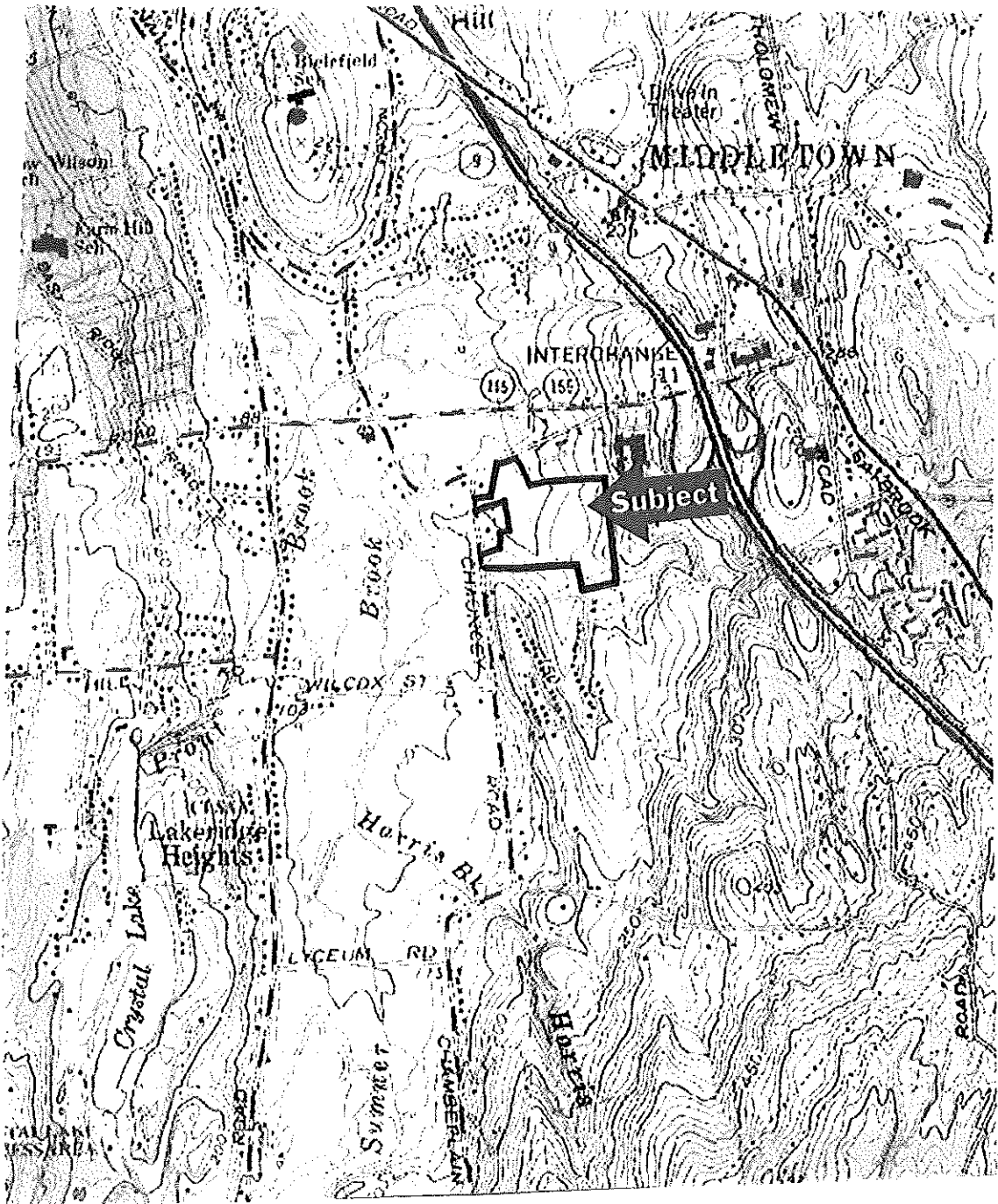
Wetland Status Nominal.

DESCRIPTION OF LAND (continued)



Land Sketch

DESCRIPTION OF LAND (continued)



Topo Map

HIGHEST AND BEST USE

Definition of Highest and Best Use

Highest and best use is defined by *The Appraisal of Real Estate - Tenth Edition* as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

In appraisal practice, highest and best use is the fundamental premise on which value is based. Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the *land or site as though vacant and available to be put to its highest and best use* and for the *property as improved*.

Highest and Best Use of the Land as Vacant

This analysis examines potential uses for the site, assuming it is vacant or can be made vacant by demolishing any existing improvements. Once vacant, the site is treated as if it were available for redevelopment to its highest and most profitable use. *The Appraisal of Real Estate - Tenth Edition* suggests that "among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination, is generally regarded as the highest and best use as though vacant." The analysis of highest and best use as though vacant is necessary in order to identify potentially comparable land sales and to estimate a separate land value when appropriate.

Highest and Best Use of the Property as Improved

Highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its existing improvements. *The Appraisal of Real Estate - Tenth Edition* suggests that "analysis of highest and best use of a property as improved implies that the existing improvement should be renovated or retained as is while it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one." Two reasons for this analysis are to find the use that produces the highest long-term overall return for each dollar of capital invested and to identify potentially comparable properties for use in the improved Sales Comparison Approach.

The highest and best use of both land as though vacant and property as improved must meet four criteria: they must be physically possible, legally permissible, financially feasible, and maximally productive.

HIGHEST AND BEST USE (continued)

Physically possible

The size, shape, area and terrain of a parcel affect the uses to which it can be developed. The capacity and availability of public utilities also limit the uses to which a parcel can be developed. The highest and best use of a property as improved depends on physical building considerations such as size, design and condition.

Legally permissible

Private restrictions, existing leases, zoning, building codes, historic district controls, traffic requirements and environmental regulations are investigated to learn whether these forces preclude potential highest and best use.

Financially feasible

The uses which meet the first two criteria are analyzed further to find which are likely to produce an income equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization. If the net revenue that can be generated from a use is sufficient to satisfy the required rate of return on the investment and provide the requisite return on the land, the use is financially feasible.

Maximally productive

Of the financially feasible uses, the use that produces the highest net present value consistent with the rate of return warranted by the market for that use is the highest and best use.

Conclusion - Highest and Best Use of the Land as Vacant

Physically possible

The subject includes 23.57 acres of land with ample road frontage. Electricity and public sewers are available and on site wells accepted in the market. The site is level with nominal wetlands. Physically, the site is suitable for development.

Legally permissible

The subject is located in the R-30 zone. Legal uses that are physically possible include single family dwellings on 30,000 square feet of land.

HIGHEST AND BEST USE (continued)

Conclusion - Highest and Best Use of the Land as Vacant (continued)

Financially feasible

The site has ample road frontage allowing for road lots and interior roads. With three frontage areas, interior roads are easily accommodated. While minimum lot size of 30,000 square feet, and a 25% loss factor for roads and other factors, 25 lots are possible and considered financially feasible.

Maximally productive

Just south of the subject is a successful development along Village Drive. The subject is located within a R30 zone which permits single family dwellings on 30,000 square feet. Highest and best use as vacant is for residential subdivision that generally meets market preferences. A maximum of 30 lots is considered to represent highest and best use. This use is physically possible, legally permissible, financially feasible and maximally productive and presents the highest and best use of the site as if vacant.

THE APPRAISAL PROCESS

Three generally accepted approaches may be used in the valuation of real estate: the **Cost Approach**, the **Income Capitalization Approach** and the **Sales Comparison Approach**.

The Cost Approach

The Cost Approach incorporates separate estimates of land value, assuming the land is vacant and ready to be put to its highest and best use, and the depreciated replacement cost of the improvements. The depreciated replacement cost of the improvements represents the cost new less any accrued depreciation recognized by the market.

Current replacement costs are based on estimates taken from *The Marshall Valuation Service* combined, when possible, with actual construction costs of comparable buildings. The Cost Approach is most applicable to the valuation of new or relatively new construction when the improvements represent the highest and best use of the site, the land value is well supported, and no functional or external obsolescence exists. The Cost Approach is also applicable to the valuation of proposed construction, special-purpose properties, and properties that are not frequently exchanged on the market. Among the limitations of the Cost Approach are the subjective judgment involved in estimating accrued depreciation and in accurately estimating entrepreneurial profit. The Cost Approach may also be used to estimate insurable value.

The Income Capitalization Approach

The Income Approach is based on the premise that value is created by the anticipation of future benefits. In the Income Approach, the value of a property is estimated by using one or more income capitalization procedures to convert the expected future income into a present value. The development of the Income Approach to value involves an estimate of potential gross income less vacancy and collection loss to which a deduction for all operating expenses are allocated to derive an estimate of net operating income.

Direct Capitalization: According to *The Appraisal of Real Estate - Tenth Edition*, direct capitalization is "the method used to convert an estimate of a single year's income expectancy or an annual average of several years' income expectancies into an indication of value in one direct step." Factors such as time, speculative risk, interest on the capital investment, and asset recapture are incorporated into the capitalization rate. When a property is stabilized, net operating income from a single year may be capitalized into an indication of value using an overall capitalization rate. A capitalization rate can be developed by a variety of methods and is dependent primarily on market-derived findings with considerable emphasis placed on the type and class of property being appraised.

THE APPRAISAL PROCESS (continued)

The Income Capitalization Approach (continued)

Yield Capitalization: Discounted cash flow analysis or *yield capitalization* converts an income stream into an estimate of value by calculating the present value of the income for each year of a typical investment holding period, including any sale proceeds at reversion. Yield capitalization includes two steps, the discounting of the estimated income stream at a competitive investment rate or, *discount rate* and the discounting of the estimated reversion. Yield capitalization is most appropriate when the income stream is expected to fluctuate. When applied, this approach is based upon a typical investment holding period. Income levels are based on contract rent when the leased fee value is sought and market rents when the objective is to estimate the fee simple value. The present worth of the reversion (resale) value of the property is then estimated by one of two ways. The projected annual income for the year following the final year of the holding period can be capitalized at a terminal capitalization rate. The terminal capitalization rate used in the reversion calculation represents the typical rate that would be expected at the time the property is sold, considering such factors as the future income potential of the property and market conditions anticipated at the end of the holding period. The other method involves estimating the final resale value through the Sales Comparison approach. The present worth of the net income streams is added to the present worth of the reversion to arrive at an indication of the value of the subject property.

The Sales Comparison Approach

The Sales Comparison Approach is based on the principle of substitution suggesting that when several similar or commensurate commodities, goods or services are available, the one with the lowest price will attract the greatest demand and receive the widest distribution. The Sales Comparison Approach is a method of valuing the property by direct comparison with recent sales and offerings of similar properties. This approach can be used to estimate the value of both vacant and improved property.

In the Sales Comparison Approach, the appraiser collects data from recent sales or offerings of comparable properties and analyzes the nature and condition of each sale, adjusting for dissimilarities when appropriate. Comparable sales are usually compared to the subject in terms of an appropriate physical unit of comparison. This valuation approach is most applicable when there are sufficient data on recent market transactions to suggest value patterns; it is less useful when data are scarce. Abrupt changes in economic conditions, rates of inflation, or supply may also limit the reliability of this approach.

Conclusion-Subject Property

The subject is appraised based on the fee simple estate. The subject is land only. The Sales Comparison Approach (estimate of land value) is developed with consideration for value per acre and value per likely lot.

LAND VALUATION

A reliable method of valuing land is by direct comparison with recent sales of similar vacant parcels. Valuation of the land disregards any existing improvements and analyzes the property in terms of its highest and best use as though vacant. This approach is based on a comparative analysis of the subject land with other similar properties that have recently sold.

A search of record data involving the sale of comparable land in the subject's market area indicates the following recent arms-length transactions that provide a reliable indication of market value.

Adjustments were considered for property rights conveyed, financing, conditions of sale, market conditions, location, access, visibility, physical characteristics, utility and other factors.

The following sales are used as a guide in estimating the market value of the subject land.

LAND SALE NO. 1

INDEX NO.

2444Property Type: Vacant LandType/Use: ResidentialProperty Address: Chamberlain Road

Highest & Best or Intended Use:

Intersection/ or ID: Fawn Meadow EstatesSubdivisionTown: Middletown County: Middlesex State: ConnecticutSeller: J. Russo Builders LLCBuyer: Rocky Hill Enterprises Inc.Sale Date: 1/13/2004Volume/Page: 1421/784Map/block/lot: 44-43/36-17A, 17Type of Deed: WarrantySale Price: \$855,000Assessment Ratio: 0.64**SITE DATA:**Land Area: 60.446 Ac 2,633,028 SF Flood Zone: No-Zone c or x. Corner: NoUnits: 14 Status: None; land only. Easements/Restrictions: None.Shape: Regular Frontage: 1,000.00 ft. Topo: RollingZoning: R30 Wetland: 20% to 30% Utilities: Electric only. Assessment: \$549,710**FINANCING TERMS:**

None considered to impact price.

Financing Adjustment: \$0Other Adjustment: \$0Adjusted Sale Price: \$855,000Sale Price/Unit: \$61,071 per lotAdjusted Price/Ac: \$14,145Adjusted Price/SF: \$0.32**MARKETING AND SALES HISTORY:**

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. It is located on Chamberlain Road, adjacent to Elizabeth. The property has approvals for 14 house lots and is known as Fawn Meadow Estates. The parcel sold 6/2003 for \$370,500 (\$6,129 per acre or \$26,464 per lot) and again 1/2004 for \$855,000.

4.32 acres/unit-N/A

188,073.41 Land:unit (bldg) ratio

0.23 lots/ acre

Verified With: Municipal records and field 7/2004.



Chamberlain Road

Middletown, Connecticut

Adjusted Sale Price/SF: \$0.32

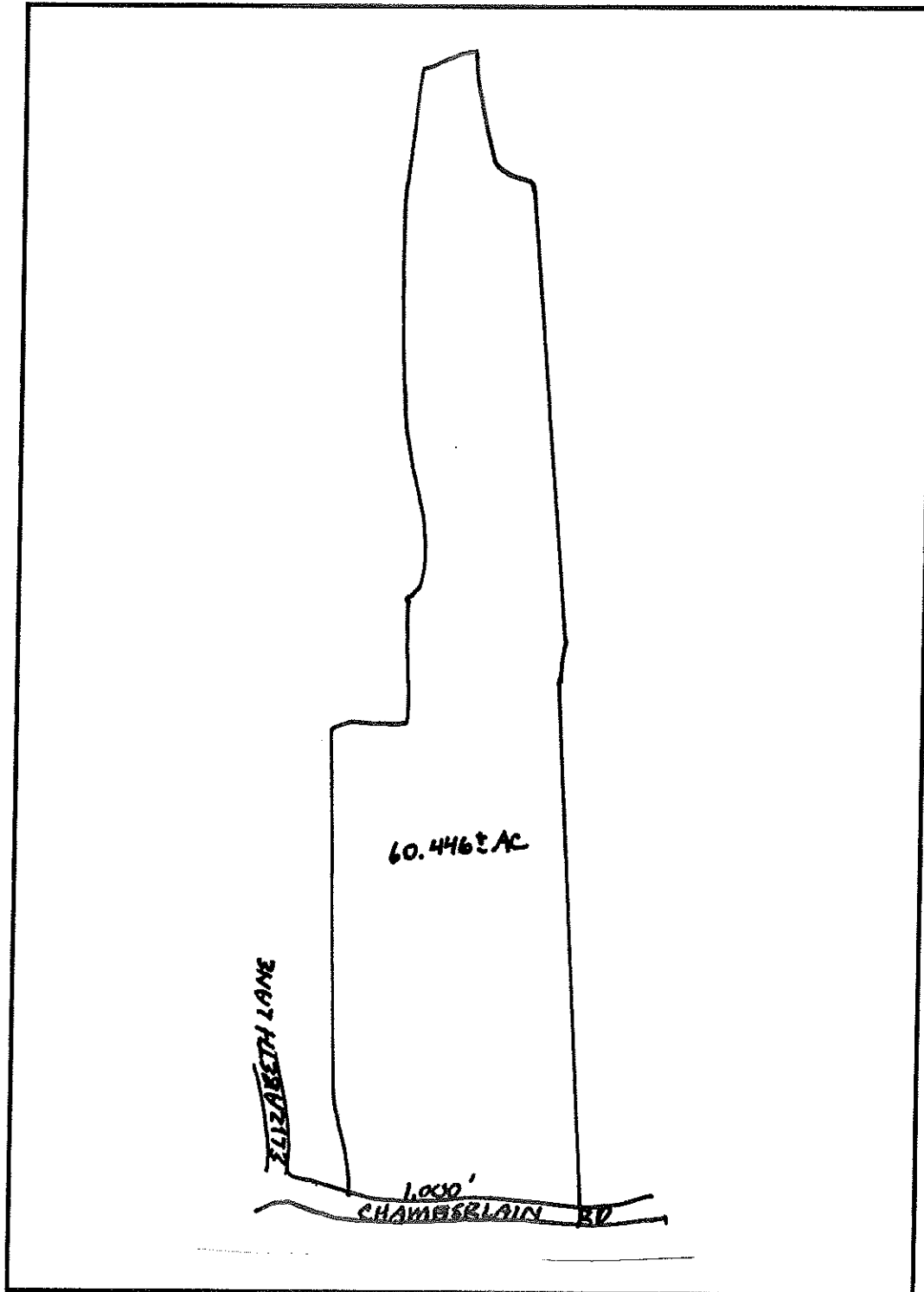
Highest and Best Use: Subdivision

Identification: Fawn Meadow Estates

LAND VALUATION (continued)

Land Sale 1, (continued)

Index No. 2445



Sketch - Site (illustrative only)

Rachel Gioia Associates

LAND SALE NO. 2

INDEX NO.

2678

Property Type: Vacant Land

Type/Use: Residential

Property Address: Foot Hills Road

Highest & Best or Intended Use:

Intersection/ or ID:

Subdivision

Town: Durham

County: Middlesex

State: Connecticut

Seller: Paul Haake

Buyer: George Antonopoulos

Sale Date: 9/3/2004

Volume/Page: 203/1048

Map/block/lot: 20/6

Type of Deed: Warranty

Sale Price: \$300,000

Assessment Ratio: 0.51

SITE DATA:

Land Area: 17.8

Ac

775,368

SF

Flood Zone: No-Zone c or x.

Corner:

No

Units:

Status: None; land only.

Easements/Restrictions: None.

Shape:

Regular

Frontage:

463.00

ft.

Topo:

Rolling

Zoning:

R130

Wetland:

Less than 10%

Utilities:

Electric only.

Assessment:

\$154,140

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$300,000

Sale Price/Unit: per lot

Adjusted Price/Ac: \$16,854

Adjusted Price/SF: \$0.39

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a rural residential section of northeast Durham. It is located on the east side of Foot Hills Road in close proximity to a HELCO transmission corridor. The parcel is wooded and rolling. It is considered most suitable for two lots.

acres/unit-N/A

Land:unit (bldg) ratio

0.00 units/acre

Verified With: Municipal records and field 5/2004



Foot Hills Road

Durham, Connecticut

Adjusted Sale Price/SF: \$0.39

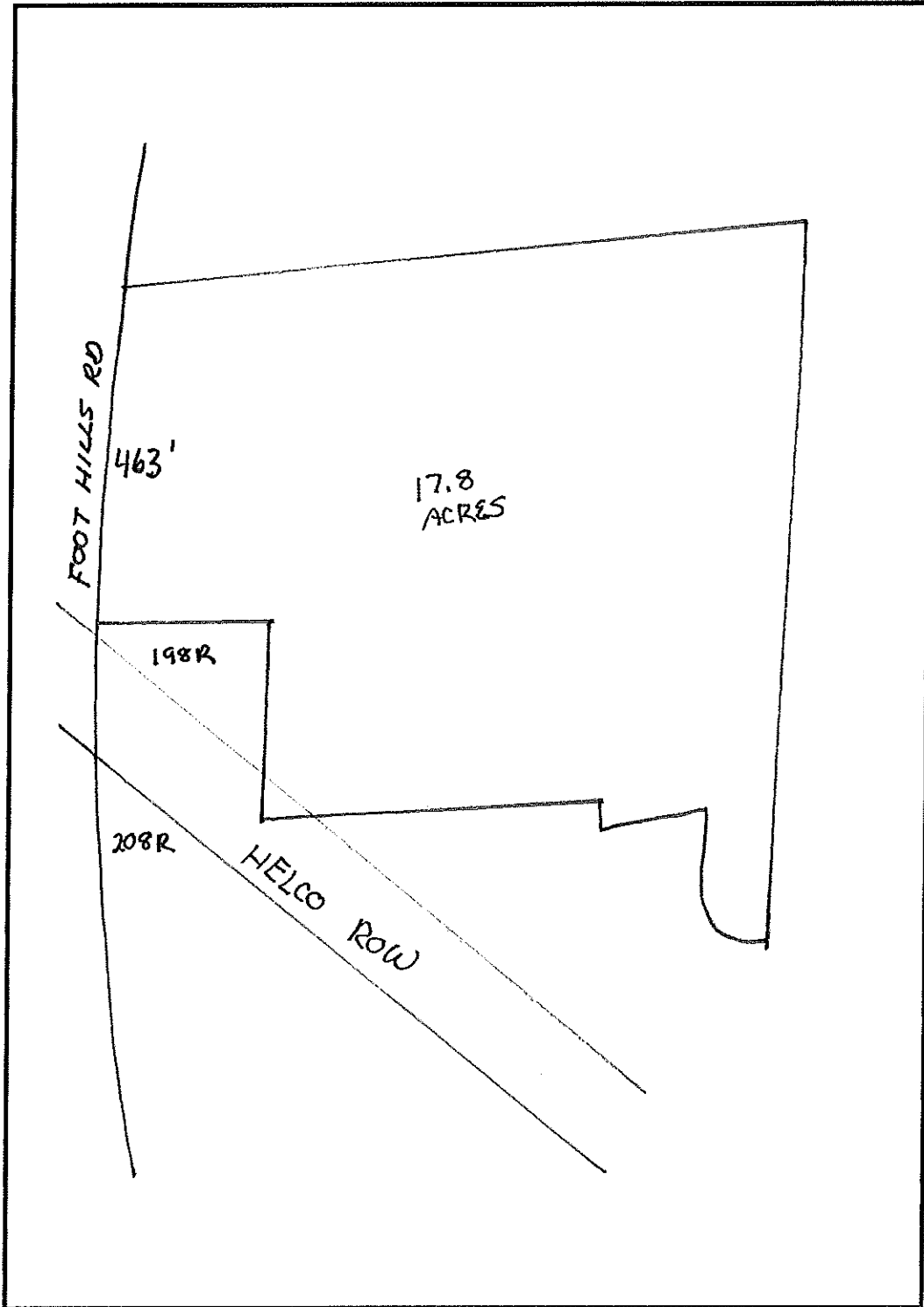
Highest and Best Use: Subdivision

Identification:

LAND VALUATION (continued)

Land Sale 2, (continued)

Index No. 2678



Sketch - Site (illustrative only)

LAND SALE NO. 3

INDEX NO.

2666Property Type: Vacant LandType/Use: ResidentialProperty Address: Mount Road/Chamberlain Road

Highest & Best or Intended Use:

Intersection/ or ID: 3 lotsSubdivisionTown: Middletown County: Middlesex State: ConnecticutSeller: Michael JewczynBuyer: Blue Fin Realty LLCSale Date: 1/25/2005Volume/Page: 1420/611Map/block/lot: 45/48-11/1AAType of Deed: WarrantySale Price: \$225,000Assessment Ratio: 0.59**SITE DATA:**Land Area: 17.56 Ac 764,914 SF Flood Zone: No-Zone c or x. Corner: NoUnits: 3 Status: None; land only. Easements/Restrictions: None.Shape: Regular Frontage: 350.00 ft. Topo: Rolling and steepZoning: R60 Wetland: Less than 10% Utilities: Electric only. Assessment: \$132,440**FINANCING TERMS:**

None considered to impact price.

Financing Adjustment: \$0Other Adjustment: \$0Adjusted Sale Price: \$225,000Sale Price/Unit: \$75,000 per lotAdjusted Price/Ac: \$12,813Adjusted Price/SF: \$0.29**MARKETING AND SALES HISTORY:**

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The proeprty is located in a residential section of Middletown. The mortgage deed indicated three lots of record were transfereed. The parcel has 350 feet of frontage along Chamberlain Street and over 1,000 feet of frontage along a dirt road (Old Mount Road).

5.85 acres/unit-N/A

254,971.20 Land:unit (bldg) ratio

0.17 units/acre

erified With: Municipal records and field 5/2004



Mount Road/Chamberlain Road

Middletown, Connecticut

Adjusted Sale Price/SF: \$0.29

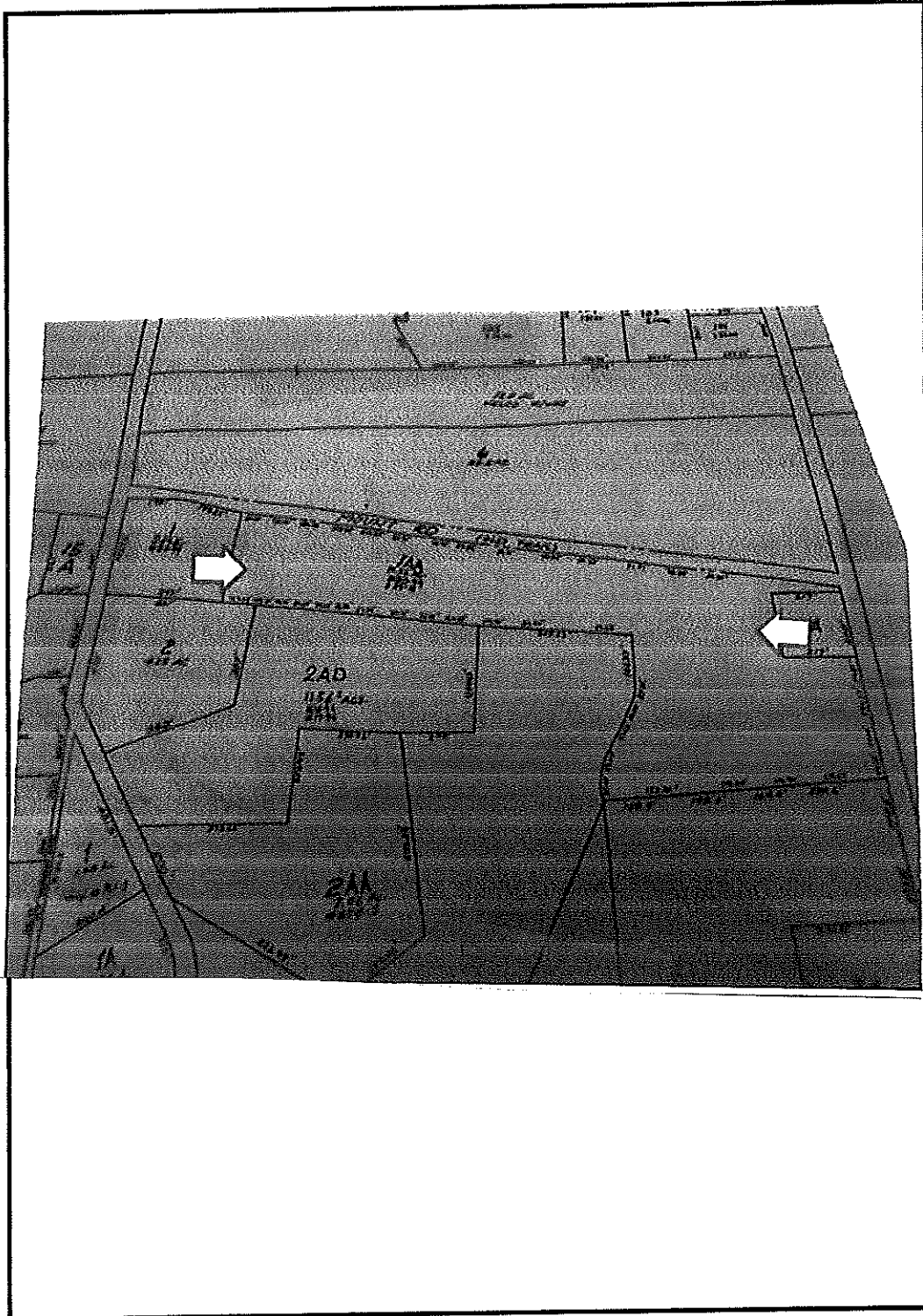
Highest and Best Use: Subdivision

Identification: 3 lots

LAND VALUATION (continued)

Land Sale 3, (continued)

Index No. 2666



Sketch - Site (illustrative only)

LAND SALE NO. 4

INDEX NO.

2668Property Type: Vacant LandType/Use: ResidentialProperty Address: 550 Round Hill Road Extension

Highest & Best or Intended Use:

Intersection/ or ID: 550 Round Hill Road ExtensionSingle LotTown: Middletown County: Middlesex State: ConnecticutSeller: Round Hill HoldingsBuyer: Michael CummingsSale Date: 2/16/2005Volume/Page: 1483/168+170 Map/block/lot: 40/47-1/37-1Type of Deed: WarrantySale Price: \$155,000Assessment Ratio: 0.72**SITE DATA:**Land Area: 13,542 Ac 589,890 SF Flood Zone: No-Zone c or x. Corner: NoUnits: 1 Status: None; land only. Easements/Restrictions: None.Shape: Regular Frontage: 711.00 ft. Topo: RollingZoning: R60 Wetland: Less than 10% Utilities: Electric only. Assessment: \$111,370**FINANCING TERMS:**

None considered to impact price.

Financing Adjustment: \$0Other Adjustment: \$0Adjusted Sale Price: \$155,000Sale Price/Unit: \$155,000 per lotAdjusted Price/Ac: \$11,446Adjusted Price/SF: \$0.26**MARKETING AND SALES HISTORY:**

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Middletown. It is located at the end of Round Hill Road near Arbutus Street.

13.54 acres/unit-N/A

589,889.52 Land:unit (bldg) ratio

0.07 units/acre

Verified With: Municipal records and field 5/2004



550 Round Hill Road Extension

Middletown Connecticut

Adjusted Sale Price/SF: \$0.26

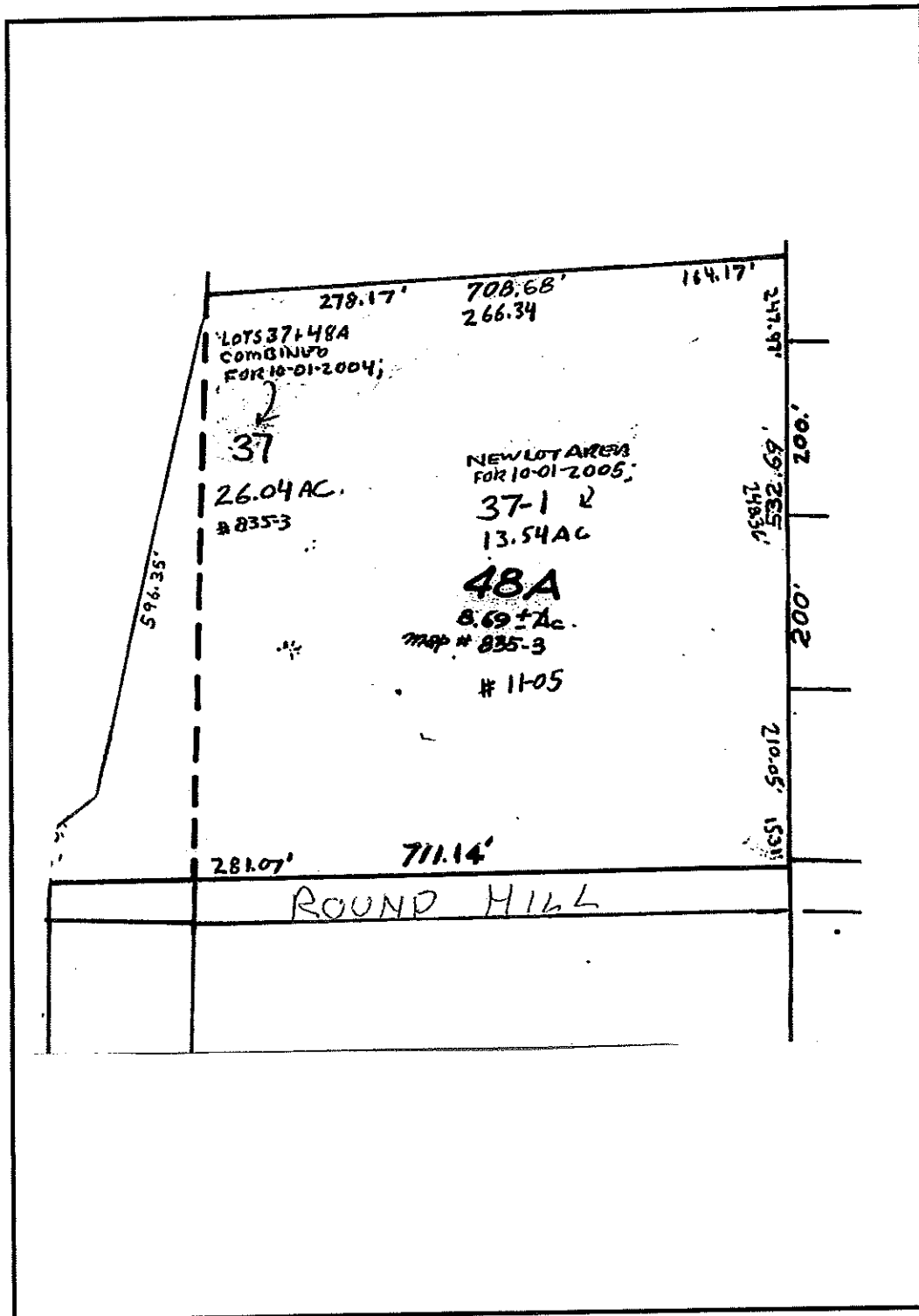
Highest and Best Use: Single Lot

Identification: 550 Round Hill Road Extension

LAND VALUATION (continued)

Land Sale 4, (continued)

Index No. 2668



Sketch - Site (illustrative only)

LAND SALE NO. 5

INDEX NO.

2680

Property Type: Vacant Land

Type/Use: Residential

Property Address: 249 Haddam Quarter Road

Highest & Best or Intended Use:

Intersection/ or ID:

Single Lot

Town: Durham

County: Middlesex

State: Connecticut

Seller: Berten Company

Buyer: Salvatore Monarca

Sale Date: 2/5/2004

Volume/Page: 202/189

Map/block/lot: 11/16-2/31

Type of Deed: Warranty

Sale Price: \$305,000

Assessment Ratio: 0.24

SITE DATA:

Land Area: 10.76 Ac

468,706 SF

Flood Zone: No-Zone c or x.

Corner: No

Units: 1

Status: None; land only.

Easements/Restrictions: None.

Shape: Regular

Frontage: 244.00 ft.

Topo: Rolling

Zoning: RR

Wetland: Less than 10%

Utilities: Electric only.

Assessment: \$73,220

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$305,000

Sale Price/Unit: \$305,000 per lot

Adjusted Price/Ac: \$28,346

Adjusted Price/SF: \$0.65

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Durham. It is located along Haddam Quarter Road in a rural residential area. The site is being improved with a single residence.

10.76 acres/unit-N/A

468,705.60 Land:unit (bldg) ratio

0.09 units/acre

Verified With: Municipal records and field 5/2004



249 Haddam Quarter Road

Durham, Connecticut

Adjusted Sale Price/SF: **\$0.65**

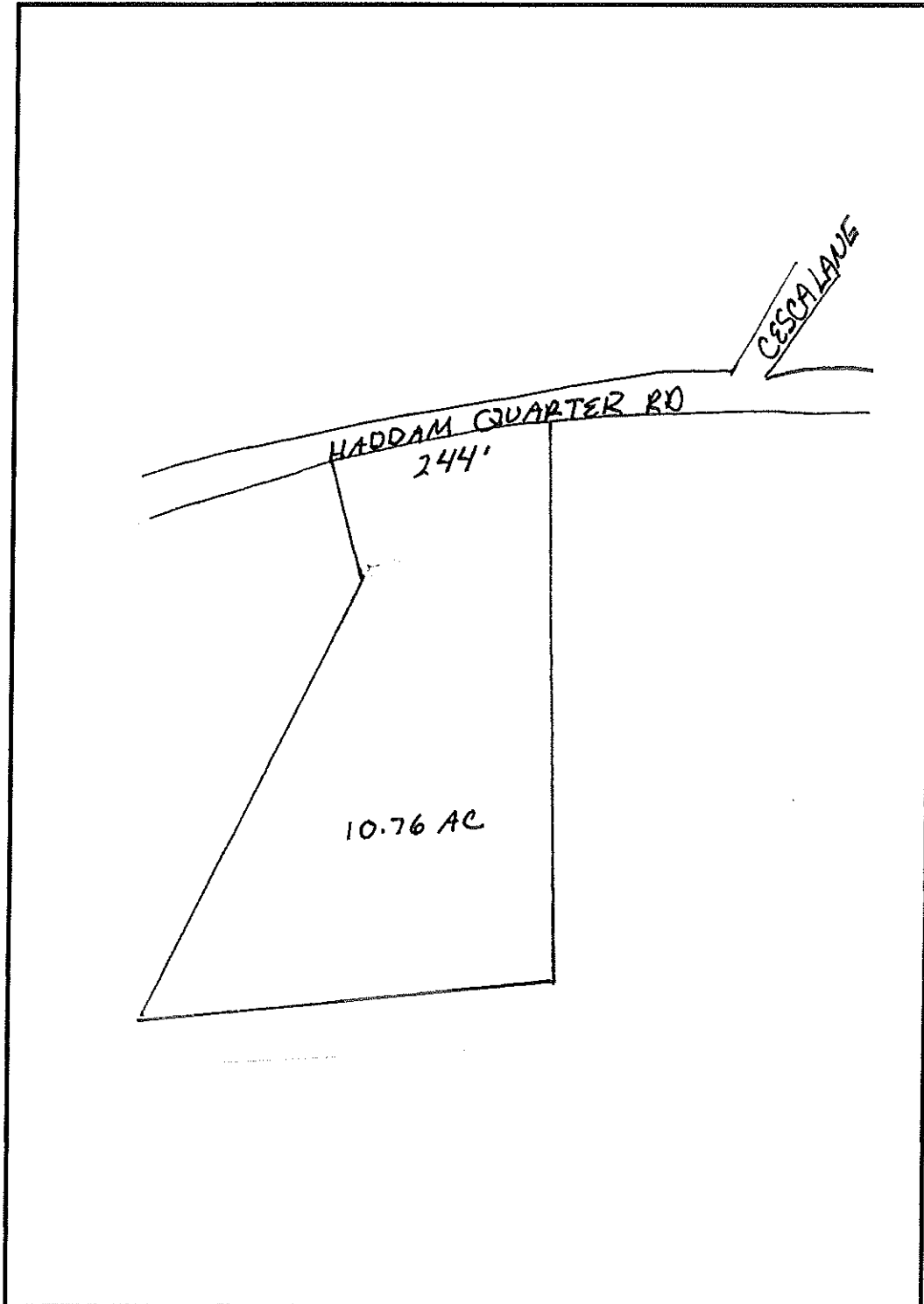
Highest and Best Use: Single Lot

Identification:

LAND VALUATION (continued)

Land Sale 5, (continued)

Index No. 2680



Sketch - Site (illustrative only)

LAND SALE NO. 6

INDEX NO.

2679

Property Type: Vacant Land

Type/Use: Residential

Property Address: 18 Berten Heights

Highest & Best or Intended Use:

Intersection/ or ID:

Single Lot

Town: Durham

County: Middlesex

State: Connecticut

Seller: Berten Company

Buyer: Christopher Presutti

Sale Date: 9/3/2004

Volume/Page: 202/473

Map/block/lot: 29/30/5D05

Type of Deed: Warranty

Sale Price: \$207,500

Assessment Ratio: 0.51

SITE DATA:

Land Area: 5.99 Ac 260,924 SF Flood Zone: No-Zone c or x. Corner: No

Units: 1 Status: None; land only. Easements/Restrictions: None.

Shape: Regular Frontage: 208.00 ft. Topo: Level

Zoning: FR Wetland: Less than 10% Utilities: Electric only. Assessment: \$105,980

FINANCING TERMS:

None considered to impact price.

Financing Adjustment: \$0

Other Adjustment: \$0

Adjusted Sale Price: \$207,500

Sale Price/Unit: \$207,500 per lot

Adjusted Price/Ac: \$34,641

Adjusted Price/SF: \$0.80

MARKETING AND SALES HISTORY:

Typical exposure and marketing time. No prior sales within three years.

COMMENTS:

The property is located in a residential section of Durham. It is located toward the end of Berten Heights Road. The site has subsequently been improved with a single residence.

5.99 acres/unit-N/A

260,924.40 Land:unit (bldg) ratio

0.17 units/acre

Verified With: Municipal records and field 5/2004



18 Berten Heights

Durham, Connecticut

Adjusted Sale Price/SF: \$0.80

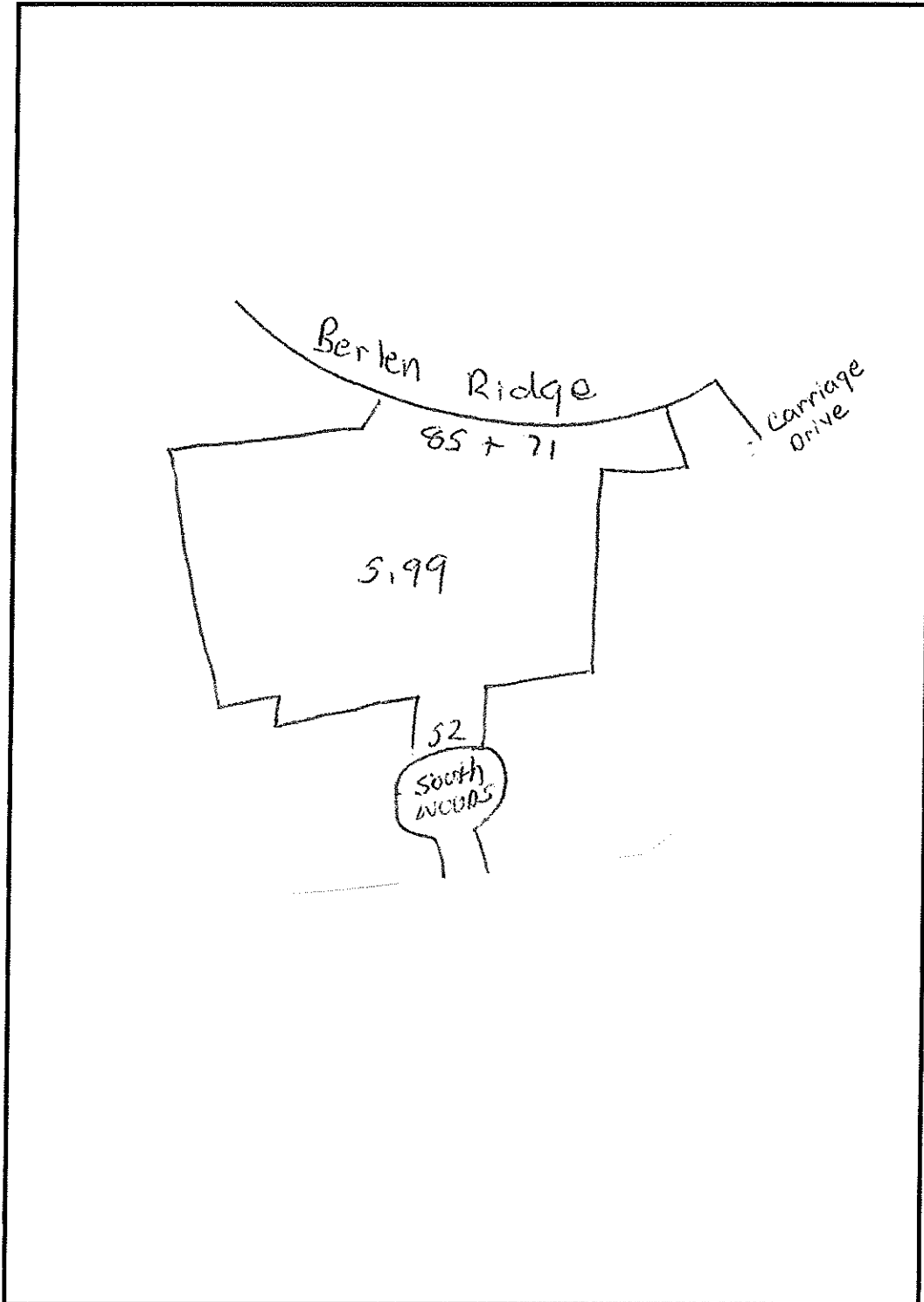
Highest and Best Use: Single Lot

Identification:

LAND VALUATION (continued)

Land Sale 6, (continued)

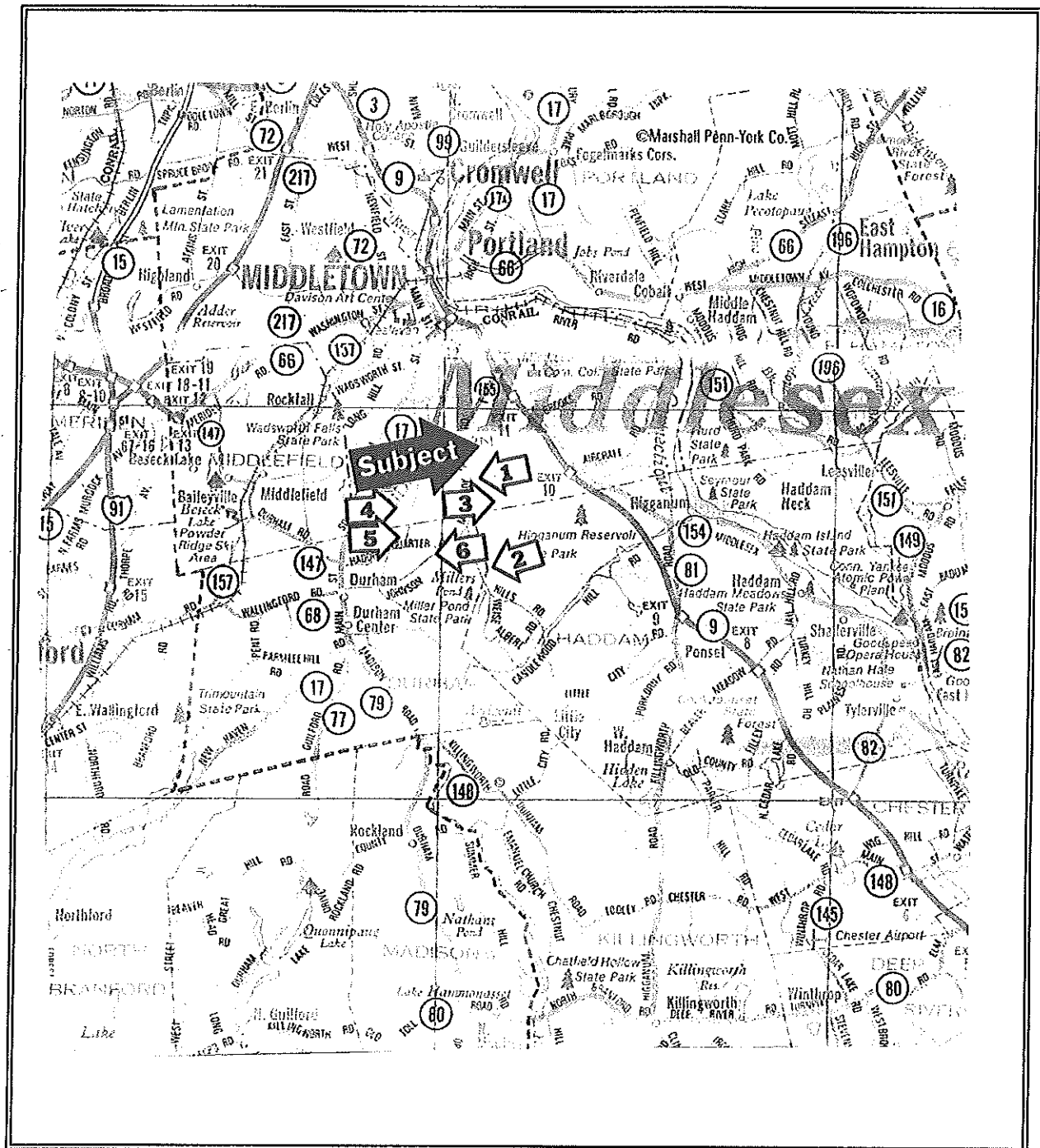
Index No. 2679



Sketch - Site (illustrative only)

Rachel Gioia Associates

LAND VALUATION (continued)



Land Sales Location Map
Greater Middletown, Connecticut

VACANT LAND SALE COMPARISON GRID

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6
Location	1XX Chauncey Road	Chamberlain Rd.	Foot Hills Rd.	Mount Rd.	550 Round Hill	249 Haddam	18 Berten Heights
Town	Middletown	Middletown	Durham	Middletown	Middletown	Durham	Durham
Index Number	2444	2444	2678	2666	2668	2680	2679
Sale Price	\$855,000	\$855,000	\$300,000	\$225,000	\$155,000	\$305,000	\$207,500
Property Rights conveyed	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple
Adjusted price	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Terms	Market	Market	Market	Market	Market	Market	Market
Adjusted price	\$855,000	\$855,000	\$300,000	\$225,000	\$155,000	\$305,000	\$207,500
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjusted price	\$855,000	\$855,000	\$300,000	\$225,000	\$155,000	\$305,000	\$207,500
Sale Date	5/2005	1/2004	9/2004	1/2005	2/2005	2/2004	9/2004
Number of months	15	15	8	4	3/2005	15	8
Market conditions per month	0.25%	4%	2%	1%	0%	4%	2%
Adjusted price	\$887,063	\$887,063	\$306,000	\$227,250	\$155,001	\$316,438	\$211,650
Acres	23.570	60.446	17.800	17.560	13.542	10.760	5.990
Adjusted Sale Price/Acre	\$14,675	\$14,675	\$17,191	\$12,941	\$11,446	\$29,409	\$35,334
Percentage Adjustments							
Location	Residential	Similar	Similar	Similar	Inferior	Superior	Superior
Site area (acres)	23.57	0%	0%	0%	10%	-20%	-20%
Size Adjustment		Larger	Smaller	Smaller	Smaller	Smaller	Smaller
Shape/Utility	Regular/subdivision	10%	-5%	-5%	-5%	-5%	-10%
Frontage (feet)	527 feet	Inferior	Inferior	Inferior	Inferior	Similar	Similar
Topography	Level	10%	25%	25%	25%	0%	0%
Zoning/Utilities/Wetlands	R30; E, SS, Nominal	Inferior	Inferior	Inferior	Inferior	Inferior	Similar
Other	Barns	Similar	Similar	Similar	Inferior	Similar	Similar
		0%	0%	0%	20%	0%	0%
		None	None	None	None	None	None
		0%	0%	0%	0%	0%	0%
Total Percentage Adjustment		40%	55%	55%	85%	-15%	-30%
Total Adjustment Amount		\$5,870	\$9,455	\$7,118	\$9,729	(\$4,411)	(\$10,600)
Adjusted Sale Price per Acre		\$20,545	\$26,646	\$20,059	\$21,175	\$24,997	\$24,734

Indicated Land Value per Acre: \$25,000
Indicated Land Value: \$589,250
Indicated Land Value, RD: \$590,000

LAND VALUATION (continued)

Sales Analysis

The search for comparable data was focused in Middletown and Durham due to availability of data. Sales with similar highest and best use (residential development) were gathered and analyzed. Unadjusted, the sales range from \$155,000 to \$855,000 or \$11,446 to \$34,641 per acre or \$61,071 to \$75,000 per lot.

Property Rights conveyed: All the sales represent fee simple rights. The subject land is fee simple, thus no adjustment is indicated for this factor.

Financing: None of the sales had financing that is considered to have influenced sale price. No adjustments are made for financing.

Conditions of Sale: All sales represent arms-length transactions, hence no adjustment is made for conditions of sale.

Market Conditions: Time adjustments are not indicated.

After adjustments for rights appraised, conditions of sale, time and financing, the sales range from \$11,446 to \$35,334 per acre. The price per lot is considered supportive.

Areas of adjustment include location, size, shape/utility, frontage, visibility, accessibility, topography, zoning, wetlands, utilities and other. The **location** adjustment is a weighted adjusted for factors such as town appeal and general neighborhood characteristics. The **size** adjustment is based on diminishing returns which indicates that smaller parcels sell for higher unit prices, all other factors equal. The **shape/utility/frontage** adjustment is made to reflect the fact that irregular shaped parcels typically have higher development costs. The **visibility/accessibility** adjustment is made to account for placement on the street as it impacts signage, access and visibility from the road. The **topography** adjustment is made since, all other factors the same, parcels that are level and at grade are easier and less expensive to develop. The **zoning** adjustment is made to account for differences in ability for uses and bulk yards that are controlled by zoning. All other factors the same, the more lenient zoning, the more intensive a use can be constructed. The **wetlands** adjustment is made to account for differences in wetlands. Wetlands often limit overall development and increase the cost of development as well. The **utilities** adjustment is made to account for differences in access to public utilities. Parcels where utilities are connected, or are directly available to be connected, are less expensive to develop than parcels where public utilities must be extended or to parcels that lack public utilities all together.

Sale 1 is the sale of a Middletown parcel on Chamberlain Road. The property sold 1/2004 for \$855,000 with 60.446 per acre. The sale price equates to \$14,145 per acre. The parcel was approved for 14 lots with a indicated price of \$61,071 per lot. The sale is analyzed per acre. The location is similar. The parcel is larger and is adjusted upward (per unit). Regarding shape and utility, the parcel is inferior (long and narrow) and is adjusted upward. The parcel has inferior frontage and topography and is adjusted upward for these factors. Regarding other development factors, zoning/utilities and wetlands, the parcel is similar. Overall adjustments to Sale 1 are upward.

LAND VALUATION (continued)

Sale 2 is the sale of a 17.80 acre parcel on Foot Hills Road in Durham. The parcel sold 9/2004 for \$300,000 or \$16,854 per acre. The location is superior and is adjusted downward. A downward adjustment is also made for size. Upward adjustments are made for shape/utility, frontage and topography. Overall adjustments to Sale 2 are upward.

Sale 3 is the sale of three lots on Chamberlain/Mount Road in Middletown. The property sold 1/2005 for \$225,000 or \$12,813 per acre. The sale is adjusted downward for size. Upward adjustments are made for shape/utility, frontage, and topography. Overall adjustments to Sale 3 are upward.

Sale 4 is the sale of a large house lot (13.542 acres) in Middletown. The location is inferior and is adjusted upward. Upward adjustments are also made for shape/utility, frontage, topography and zoning/utilities/wetlands. A downward adjustment is made for size. Overall adjustments are upward.

Sale 5 is the sale of a large (10.76 are) house lot in Durham. The property sold for \$305,000 or \$28,346 per acre. The sale is adjusted downward for location and size. The sale is adjusted downward for location and size. An upward adjustment is made for frontage. Overall adjustments to Sale 5 are upward.

Sale 6 is the sale of a 5.99 acre house lot in Durham. The parcel sold for \$207,500 or \$34,641 per acre. The sale is adjusted downward for location and size. No other adjustments are indicated.

LAND VALUATION (continued)

Based on these sales, the estimated market value of the subject site, as if vacant and available to be put to highest and best use is \$25,000 per acre.

Then:

$$23.57 + \text{ acres @ } \$25,000 = \$589,250$$

ESTIMATE OF LAND VALUE, RD: **\$590,000.**

Test for reasonableness

The indicated value of \$590,000 equates to \$23,500 per lot, based on a likely 25 lots.

REASONABLE MARKETING TIME/EXPOSURE TIME

The Appraisal Standards Board identifies both exposure time and marketing time as relevant issues relating to the value estimate within an appraisal.

Exposure time differs from marketing time in that exposure time is a retrospective estimate of the marketing process whereas marketing time is a prospective estimate of the marketing process. Exposure time estimates the length of time that the property interest being appraised would have been offered on the market given a hypothetical consummation of the sale at market value as of the effective date of the appraisal. Exposure time assumes not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort by all parties during the hypothetical marketing process. According to the Appraisal Standards Board of The Appraisal Foundation, a reasonable marketing time is "an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of the appraisal." A reasonable marketing period is generally considered the number of months from the date the property is listed to the date a contract for purchase and sale is executed.

Because exposure time is based upon an analysis of past market conditions, when market conditions improve, one may see a shorter marketing time compared to a longer exposure time for the same property interest being appraised. However, as market conditions deteriorate, exposure time may be shorter than marketing time.

Sales have shown marketing times between 9 and 18 months. If the subject property sold as of the effective date of appraisal, an exposure time of 12 months would have been required. Market conditions have remained stable and a marketing time of 12 months is considered reasonable.

Exposure Time	Effective Date of Appraisal	Marketing Time
Within One Year <<<<<<<	<<<May 18, 2005>>>	>>>>>>> Within One Year

RECONCILIATION AND FINAL VALUE ESTIMATE

The appraiser has applied the appropriate appraisal methods in previous sections of this report and has arrived at the following value conclusions:

Sales Comparison Approach \$590,000.

The Cost Approach was not developed. The subject is land only.

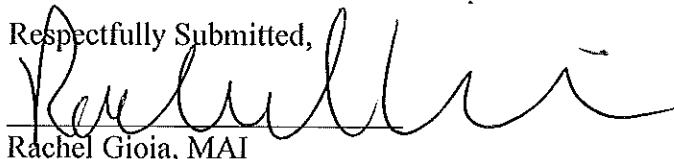
The Income Capitalization Approach was not developed. A subdivision technique is not considered appropriate for raw land due to ample data in the market.

The Sales Comparison Approach provided a reliable estimate of the market value of the fee simple estate. Most weight is placed with the value per acre.

Based on the analyses and conclusions reached in this report, weighing all pertinent information, the estimated market value of the subject property, as of the date of appraisal is:

FIVE HUNDRED NINETY THOUSAND DOLLARS
(\$590,000)

Respectfully Submitted,



Rachel Gioia, MAI

CERTIFICATION

The undersigned appraiser hereby certifies that: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions; I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved; I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment, my engagement in this assignment was not contingent upon development or reporting predetermined results; my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements of the code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. I further certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.

Rachel Gioia, MAI, has made a personal inspection of the property that is the subject of this report.

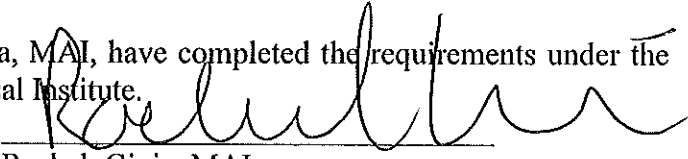
No one provided significant professional assistance to the person signing this report.

I, Rachel Gioia, MAI certify that I am appropriately certified to appraise the subject property in the state in which it is located.

It is my opinion that as of May 18, 2005 the market value of the fee simple estate to the subject property located at Map 43 36-17A 1XX Chauncey Road, Middletown, Connecticut is:

FIVE HUNDRED NINETY THOUSAND DOLLARS
(\$590,000)

As of the date of this report, I, Rachel Gioia, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.



Rachel Gioia, MAI
Certified General Real Estate Appraiser
CT: RCG.231 (expires 4/30/2006)

Rachel Gioia Associates

QUALIFICATIONS OF THE APPRAISER

Rachel Gioia, MAI

Professional Affiliations/State Certification

Member, Appraisal Institute MAI designation #09321

General Certified Real Estate Appraiser, State of Connecticut #0000231(expires 4/30/2006)

Professional Committees/Volunteer/Community Involvement

The Real Estate Exchange, President 2002-2003.

Appraisal Institute, Admissions Committee 1993-current.

Appraisal Institute, mentor program 1995-1996.

Young Advisory Council, Washington D.C., 1994 and 1995.

Education

Trinity College, BA in Urban and Environmental Studies; Area of concentration: Economics

Hartford College for Women, AA Degree

Instructor: American Institute of Banking, Southern New England Chapter; Real Estate Appraisal

Other

Qualified expert witness, Hartford Superior Court.

Qualified expert witness, New Haven Superior Court.

Appraisal Experience:

Rachel Gioia has been involved full time in the appraisal of commercial real estate since 1985. She has held positions in financial organizations and commercial appraisal firms. Her experience includes both management and staff positions. Prior positions include Vice President in charge of the Commercial Division at ASA Valuations; Team Leader-Appraisal Department at Fleet Bank, Assistant Vice President at Bank of Boston Connecticut, and a staff position as a Commercial Real Estate Appraiser with John F. Rowleson Company. Her experience includes full narrative appraisal reports, review of commercial reports and property analysis. Prior to commercial appraisal, Mrs. Gioia worked as a salesperson for Horse Country Real Estate and a data collector for Sabre Systems. Rachel Gioia Associates is a full service commercial appraisal and consulting firm that specializes in retail centers, subdivisions, existing commercial and industrial buildings, and a variety of special purpose properties in Connecticut.

Types of Properties Appraised

Apartment Buildings	Day Care Centers	Land/subdivisions	Retail Centers
Automobile facilities	Equestrian facilities	Office Buildings	Residences
Campgrounds	Farms/Farmland	Recreational Facilities	Schools
Convalescent Homes	Gasoline Stations	Religious Facilities	Sports Facilities
Convenience Stores	Health Clubs	Restaurants	Trailer Parks
Car Washes	Industrial Buildings	Rest Homes/Elderly Care	Warehouse/distribution

Types of Assignments

Highest and Best Use Studies

Adaptive Reuse Studies

Valuation Assignments

Market Rent Analysis

Review Appraisal

Real Estate Consulting

Specialized Courses and/or Exams Completed: Appraisal Institute

Standards of Professional Practice - Part I	10/93	Standards of Professional Practice - Part II	10/93
Report Writing	3/89	Case Studies	3/89
Cap. Theory, Part A	3/88	Cap. Theory, Part B	8/88
Income Property Appraising	2/88	Applied Income Property Valuation	5/88
Basic Valuation Procedures	3/87	Real Estate Appraisal Principals	3/87
Various seminars and lectures 1992-present (currently certified for continuing education-next 5 year cycle ends 12/2007)			

ADDENDA

Deed

To all People to Whom these Presents shall Come, Greeting:

Know Ye, That WE, Phillis L. Graves, aka Phillis Arline Lee Graves and Harold E. Graves, Sr.
for the consideration of GOOD AND VALUABLE CONSIDERATION

received to our full satisfaction of Harold E. Graves, Jr. and Marsha Graves

do remise, release, and forever QUITCLAIM unto the said
Harold E. Graves, Jr. and Marsha Graves

and unto the survivor of them, and unto the heirs and assigns of the survivor of them forever,
all such right, title, interest, claim and demand whatsoever, as we
the said Releasors, ha^{ve} or ought to have in or to

SEE SCHEDULE A ATTACHED FOR DESCRIPTION

No Conveyance Tax collected 57-0-

James R. Dolan
Town Clerk of Middletown

To Have and to Hold the premises, with the appurtenance thereof unto them the
said Releasors, and unto the survivor of them, and unto such survivor's heirs and assigns for-
ever, to them and their own proper use and behoof, so that neither the said Releasors

nor any other person or persons in their name and behalf, shall or will hereafter claim
or demand any right or title to the premises or any part thereof, but they and every one of
them shall by these presents be excluded and forever barred.

In Witness Whereof, I have hereunto set my hand and seal this 13th
day of October, A. D. 1998

Signed, Sealed and Delivered in presence of *Phillis L. Graves aka*
Phillis Arline Lee Graves
Phillis L. Graves aka Phillis
Arline Lee Graves

State of Connecticut ss. New Britain
County of Hartford

Harold E. Graves Sr.
Harold E. Graves, Sr.

October 13 1998

Personally Appeared: Phillis L. Graves, aka & Harold E. Graves, Sr.
foregoing instrument and acknowledged the same to be their free act and deed before me.

Commissioner of the Superior Court
Thomas P. Tabellione
Middletown CT

48 Chauncey Road

Grantees's Address: Street and Number

City

State

SCHEDULE A

A certain piece or parcel of land as shown on a map entitled "Map Of Property To Be Deeded to Harold E. Jr. & Marsha A. Graves Middletown CT., Scale 1" = 100' June 17, 1998 and being referred to as "29.4 Ac. #1" and being more particularly bounded and described as follows:

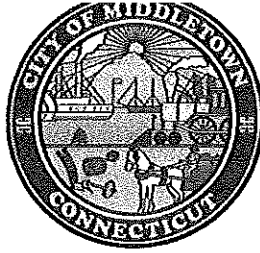
Beginning at a point which is the northeast corner of said parcel and heading S-16-36-50-W, 690.93 feet, thence S-14-08-05-W, 300.26 ft thence N-74-15-55-W, 1090.9 feet to a point and thence S-74-15-15-36-W, 250 ft, thence S-74-15-55-E, 250 feet to a point on the easterly side of Chauncey Road, thence in a general northerly direction along said road 175 feet, then S-74-44-24-E, 135.00 feet, thence S-15-15-36W, 335 feet, thence S-74-44-24-E, 105.8 feet, thence in a general northerly direction 202.00 feet, thence N-74-44-24-W, 240.59 feet to a point on the easterly side of Chauncey Road, thence generally in a northerly direction along said road, 107.00 feet, thence N-74-44-24-W, 145 feet, thence N-14-25-45-E, 225.72 feet, thence N-90-E, 300 ± feet, and thence S-14-43-21-E, 408.00 feet, and thence S-75-42-23-E, 780.00 feet to a point at the place of beginning.

Said parcel of land is subject to sanitary sewer easements as shown on a map entitled "Property of Daniel Wallace Lee Harold E. Sr. Graves Phyllis L. Graves Middletown CT Scale 1" = 50' Apr. 9, 1978" and can be found in File No. 39-98 of the Middletown Land Records.

NOV 17 1998 9:21 A M
Rec'd for Record
Recorded by *[Signature]*

Engagement Letter

MUNICIPAL BUILDING
P.O. BOX 1300, 245 DEKOVEN DRIVE
MIDDLETOWN, CONNECTICUT 06457
TEL (860) 344-3465 FAX (860) 344-3561



PURCHASE ORDER: 2005-01731

Be advised that the CITY OF MIDDLETOWN IS AN EQUAL OPPORTUNITY EMPLOYER and shall act in accordance with the Equal Employment Opportunity provisions of Section 202 of Part II of Presidential Executive Order 11246 as amended by Executive Order 11375

Ship To: **BILL WARNER
PLANNING & ZONING
245 DEKOVEN DR.
MIDDLETOWN, CT 06457**

Address: **6252**

**RACHEL GIOIA ASSOCIATES
2389 MAIN STREET**

GLASTONBURY, CT 06033

**100 GENERAL FUND
140 PLANNING, CONSERVATION, DEVELOP
366 CONTRACTUAL SERVICES**

State/Local Bid Information

Number:
Expiration Date:
Contract Page #:
P.O. Date:

10-May-2005

<u>m</u>	<u>Quantity</u>	<u>Item Description / Manufacturer Model #</u>	<u>Unit Price</u>	<u>Extension</u>
	1	Appraisal of the Graves property located on Chauncey Road.	2,000.00	2,000.00

Total: \$2,000.00

10-May-2005
Date

Phyllis S. Prokop
Purchasing Agent Approval